

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 PM-05 INR-10 SS-15 PA-01 /044 W
-----066501 110420Z /20

R 110307Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7812

C O N F I D E N T I A L SECTION 1 OF 8 TOKYO 08415

STADIS//////////

FOR EA/J: PLATT

E.O. 11652: GDS
TAGS: MARR, JA
SUBJECT: DEFENSE COST SHARING PROGRAM

FOLLOWING MESSAGE IN WHICH EMBASSY CONCURRED WAS SENT
MAY 9 BY COMUSJAPAN TO CINCPAC, CONTAINING SUGGESTED
APPROACH TO DEFENSE COST SHARING. CINCPAC IS EXPECTED
TO ACT ON MESSAGE WITHIN TWO WEEKS, BUT INASMUCH AS IT
HAS NOT YET BEEN SENT TO ANY DOD ACTIVITY ABOVE THE
UNIFIED COMMAND LEVEL, WE REQUEST THAT YOU HOLD IT
CLOSELY. QUOTE:

P 080905Z MAY 78
FM COMUSJAPAN YOKOTA AB JA
TO RUHQHQA
INFO RUEHKY/AMEMB TOKYO
RUADJNA/USARJ CAMP ZAMA JA
ZEN/5AF YOKOTA AB JA
RUYNSDK/COMNAVFORJAPAN YOKOSUKA JA
RUADANA/DEPMARCORBASESPAC FWD CP BUTLER JA
C O N F I D E N T I A L NOFORN
CINCPAC FOR J5
SUBJ: DEFENSE COST SHARING PROGRAM (U)
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- A. AMEMB 090510Z JAN 78 (C)
 - B. CINCPAC 260843Z JAN 78 (C)
 - C. CINCPAC 012100Z MAR 78 (C)
 - D. AMEMB-USFJ 140405Z MAR 78 (C)
 - E. CINCPAC 180324Z APR 78 (C)
 - F. COMUSJAPAN 290545Z APR 78 (C/NF)
1. (C) SUMMARY. THIS MESSAGE RESPONDS TO CINCPAC TASKING FOR

DEVELOPMENT OF A USFJ COST-SHARING PROGRAM. WHILE NUMBER OF USFJ FACILITIES AND PERSONNEL HAVE DECLINED, O&M COSTS HAVE INCREASED. SOME COST SHARING APPROACHES HAVE BEEN DEVELOPED. POLITICAL CONSIDERATIONS, PRIVATE CONVERSATIONS, AND WORKING-LEVEL DISCUSSIONS WITH GOJ OFFICIALS, HOWEVER, COLLECTIVELY INDICATE COST SHARING MUST BE ACCOMPLISHED WITHIN GOJ INTERPRETATION OF SOFA AND WILL BE ALONG LINES GOJ PERCEIVES IT CAN OVERCOME DOMESTIC OPPOSITION. USFJ AND SERVICE COMMANDS WOULD STRONGLY PREFER RELIEF IN O&M YEN SENSITIVE AREAS. OUR CONCLUSION IS GOJ IS NOT READY TO

DEAL WITH SOFA AND OTHER ISSUES RELATED TO O&M COST SHARING. THEREFORE

FAMILY AND BACHELOR HOUSING AND CONSTRUCTION PROJECTS APPEAR TO BE THE

MOST PROMISING FOR THE NEAR TERM. END SUMMARY.

2. (C) BACKGROUND. REFERENCE F CONVEYED DATA CONCERNING COST OF MAINTAINING US FORCES IN JAPAN. DURING PAST FOUR FISCAL YEARS, IN SPITE OF 12 PERCENT DECLINE IN NUMBER OF FACILITIES, 15 PERCENT REDUCTION IN MILITARY AND US CIVILIAN PERSONNEL STRENGTH AND 32 PERCENT DECLINE IN LOCAL NATIONAL LABOR FORCE, USFJ O&M COSTS INCREASED ABOUT 16 PERCENT. FOR CURRENT FY, SERVICES HAVE REPORTED \$100 MILLION UNFINANCED REQUIREMENTS FOR SUCH ITEMS AS SALARY INCREASES, BACKLOG OF MAINTENANCE AND REPAIR OF FACILITIES, MISSION ESSENTIAL PURCHASES, AND YEN EXCHANGE LOSSES. YEN HAS APPRECIATED OVER 20 PERCENT SINCE MID-1976 WHILE YEN EXPENDITURES

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REPRESENT APPROXIMATELY 65 PERCENT OF USFJ O&M BUDGET. FAMILY AND BACHELOR HOUSING SHORTAGES ARE LONG STANDING PROBLEMS. SOME GOJ FURNISHED FACILITIES ARE IN NEED OF IMPROVEMENT. FACILITIES HAVE NOT KEPT PACE WITH ENVIRONMENTAL AND SAFETY STANDARDS AND REQUIRE CORRECTIVE ACTION. EXTREMELY LOW LEVEL MILCON AND MINOR CONSTRUCTION FUNDS OVER YEARS HAVE NOT SATISFIED NEEDS. PRIVATE CONVERSATIONS AT MINISTERIAL AND WORKING LEVEL AND ANALYSES OF MEDIA INDICATE GOJ IS GENUINELY WILLING TO SHARE FURTHER IN COST OF MAINTAINING US FORCES IN JAPAN BUT ONLY IN AREAS IN WHICH THEY PERCEIVE THEY CAN DEVELOP CONSENSUS, OVERCOME POLITICAL OPPOSITION, AND ASSURE SUCCESS. OVER PAST SEVERAL WEEKS MEDIA, BOTH VERNACULAR AND ENGLISH LANGUAGE, HAVE BEEN REplete WITH TRIAL BALLOONS, PRONOUNCEMENTS (WITH AND WITHOUT ATTRIBUTION), AND DISCUSSIONS OF THE OHIRA VIEW, ALL OF WHICH OFFER INDICATIONS AS TO HOW THE GOJ IS CAREFULLY EASING ITS WAY THROUGH THE LABYRINTH OF POTENTIAL OPPOSITION. THUS FAR, THERE HAVE BEEN NO SIGNIFICANT VISIBLE OBSTRUCTIONS, PERHAPS ATTESTING TO SUCCESS OF GOJ IN ORCHESTRATING ITS CASE TO ASSIST IN SOME FORM OF COST SHARING. ONCE APPROACHES BECOME MORE CRYSTALLIZED, HOWEVER, IT IS ANTICIPATED COST SHARING WILL DRAW VERBAL FIRE FROM THE OPPOSITION IN PROPORTION TO MAGNITUDE AND NATURE OF PROGRAM.

3. (C) COST SHARING APPROACHES.

A. OPERATION AND MAINTENANCE COSTS. COST SHARING WITHIN
O&M SECTOR, PARTICULARLY YEN EXPENDITURES FOR LABOR, UTILITIES,

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C O N F I D E N T I A L SECTION 2 OF 8 TOKYO 08415

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COMMUNICATIONS, AND TRANSPORTATION WOULD BE MOST DESIRABLE FOR
USFJ BECAUSE IT WOULD RESULT IN IMMEDIATE RELIEF. SERVICES PLACE
RELIEF IN O&M AREAS AHEAD OF OTHER POSSIBILITIES. FY 77 O&M
EXPENDITURES WERE NEARLY \$600 MILLION, REPRESENTING APPROXIMATELY
ONE HALF THE TOTAL DIRECT COST OF OUR PRESENCE IN JAPAN. ASSUMPTION
OF O&M COSTS IS THE LEAST ACCEPTABLE OF ALL APPROACHES TO GOJ
BECAUSE OF THEIR INTERPRETATION OF ARTICLE XXIV OF SOFA WHICH REQUIRES

THE US TO BEAR ALL EXPENDITURES INCIDENT TO
MAINTENANCE OF FORCES. GOJ DOES NOT ACCEPT USFJ
VIEW THAT GOJ IS NOT BARRED BY SOFA FROM ACTIONS NOT EXPLICITLY
PROHIBITED. WITH REGARD TO LABOR, GOJ OFFICIALS HAVE REPEATEDLY
AND EXPLICITLY COMMUNICATED LABOR COST SHARING DURING JFY 79 IS OUT OF

THE QUESTION. WHILE JFY 78 LABOR COST SHARING OF 6.1 BILLION
YEN CLEARED DIET WITHOUT OPPOSITION, IN-FIGHTING WITHIN THEIR BUREAU
RACY
WAS DIFFICULT AND SEVERAL MINISTRIES, PARTICULARLY FINANCE MINISTRY,
WERE CRITICAL OF DFAA'S ASSUMING COSTS OF LABOR WELFARE FUNCTIONS WIT
HOUT
INSISTING ON CONCOMITANTLY ASSUMING CONTROL OR MANAGEMENT OF
SPECIFIC WELFARE FUNCTIONS. SENSITIVITY HAS NOT ABATED. GOJ
OFFICIALS HAVE INFORMALLY REQUESTED LABOR BE ALLOWED TO COOL OFF;
SURFACING LABOR ISSUES NOW WOULD ONLY AGGRAVATE THE SITUATION AND
JEOPARDIZE FUTURE LABOR APPROACHES/NEGOTIATIONS. OTHER O&M
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APPROACHES APPEAR EQUALLY FUTILE DURING THIS ROUND BECAUSE, AS PERCEIVED BY THE GOJ SIDE, THEY ARE COSTS BARRED BY ARTICLE XXIV OF THE SOFA. O&M APPROACHES ARE THEREFORE ADDRESSED BELOW FOR FUTURE CONSIDERATION.

(1) LABOR: NEARLY 50 PERCENT OF O&M COST IS FOR JAPANESE NATIONAL LABOR. LABOR COST SHARING AGREEMENT OF DEC 1977 RESULTED IN APPROXIMATELY \$26 MIL/YEAR SAVINGS. OTHER LABOR COST SHARING OPTIONS HAVE BEEN DEVELOPED:

(A) MASTER LABOR CONTRACT (MLC) GUARDS AND FIREFIGHTERS. GOJ WOULD ASSUME COST OF MLC GUARDS AND FIREFIGHTERS. THEY REPRESENT 10 PERCENT (6.24 PERCENT AND 3.76 PERCENT) OF TOTAL LABOR COSTS, AMOUNTING TO \$35 MILLION (\$22 AND \$13 MILLION) ANNUAL BUDGET COSTS AND \$58 MILLION (\$36 AND \$22 MILLION) ACCRUED RETIREMENT OBLIGATION.

(B) RETIREMENT WELFARE FUND COSTS. GOJ AND USFJ WOULD ESTABLISH ON PAPER A "RETIREMENT WELFARE FUND." USFJ WOULD CONTINUE TO BUDGET MONTHLY RETIREMENT ALLOWANCE OBLIGATION ACCRUALS. BUDGET AND CURRENT FUNDED LIABILITY OF \$486 MILLION WOULD CONSTITUTE USFJ'S PORTION OF THE "FUND". HOWEVER, AS OF DATE IMPLEMENTED, USFJ WOULD STOP BUDGETING AND PAYING FOR THE RETROACTIVE IMPACT OF FUTURE ANNUAL WAGE INCREASES ON RETIREMENT ALLOWANCE LIABILITY; GOJ WOULD BUDGET AND PAY. GOJ BUDGET WOULD CONSTITUTE GOJ'S PORTION OF THE "FUND". COST OF RETROACTIVE IMPACT OF WAGE INCREASES ON RETIREMENT ALLOWANCE LIABILITY IS APPROXIMATELY 58 PERCENT OF TOTAL COST OF EACH ANNUAL WAGE INCREASE. ASSUMING, FOR EXAMPLE, 7 PERCENT WAGE INCREASE ON 1 APRIL 1978, ONE-TIME COST OF RETROACTIVE IMPACT ON RETIREMENT ALLOWANCE WOULD BE APPROXIMATELY \$34 MILLION. OPTION WOULD THUS TRANSFER \$34 MILLION OBLIGATION TO GOJ.

(C) GOJ ASSUMPTION OF AGE 60 RETIREMENTS AND RESIGNATIONS. GOJ WOULD PAY A SUBSTANTIAL PORTION OF OUR CURRENT FUNDED LIABILITY OF \$486 MILLION AND ALSO A SUBSTANTIAL PORTION OF MONTHLY RETIREMENT ALLOWANCE OBLIGATION ACCRUALS. THAT IS, GOJ WOULD PAY FOR ESSENTIALLY ALL RETIREMENT ALLOWANCES EXCEPT FOR ALLOWANCES OF EMPLOYEES SEPA-
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RATED BY RIF.

(D) PAY FOR ADMIN/WELFARE EMPLOYEES. GOJ WOULD PAY FOR ALL MLC AND IHA EMPLOYEES WHO ADMINISTER EMPLOYEE ADMINISTRATION AND WELFARE PROGRAMS. WOULD INCLUDE, FOR EXAMPLE, MOST CIVILIAN PERSONNEL OFFICE EMPLOYEES, PAYROLL CLERKS, TIMEKEEPERS, AND CERTAIN EMPLOYEES IN FINANCE AND PROVOST MARSHAL OFFICES. SAVINGS ARE ESTIMATED AT APPROXIMATELY \$5.9 MIL/YEAR.

(E) INCOME TAX AND LOCAL INHABITANT TAX. GOJ WOULD PAY AMOUNT OF EMPLOYEE WAGES EQUIVALENT TO EMPLOYEE INCOME TAX AND LOCAL INHABITANT TAX. USFJ EMPLOYEES CURRENTLY PAY INCOME AND LOCAL INHABITANT TAXES ESTIMATED AT APPROXIMATELY \$24 MILLION PER YEAR.

(F) COST OF FOUR ALLOWANCES. GOJ WOULD PAY COST OF COMMU-

TATION (\$4.1 MIL/YEAR), ADJUSTMENT ALLOWANCES (\$4.8 MIL/YEAR), FAMILY ALLOWANCES (\$6.2 MIL/YEAR), AND HOUSING (\$1 MIL/YEAR). (G) SICK LEAVE. IF GOJ ASSUMED COSTS OF ALL NON-DUTY CONNECTED SICK LEAVE, USFJ COULD BENEFIT ESTIMATED \$4.6 MIL/YEAR. (H) TRAVEL AND PER DIEM. SAVINGS FROM GOJ ASSUMING ALL OFFICIAL TRAVEL AND PER DIEM COSTS WOULD TOTAL APPROXIMATELY \$1.2 MILLION.

NOTE: WHILE IT IS DIFFICULT TO TRY TO OUTGUESS GOJ, AT SUCH TIME AS IT IS POSSIBLE AGAIN TO DISCUSS LABOR COST SHARING, OPTIONS (A) THROUGH (D) WOULD CLEARLY BE MORE ACCEPTABLE TO GOJ THAN OPTIONS (E) THROUGH (H).

(2) UTILITIES. PURCHASED UTILITIES REPRESENT EXPENDITURES OF APPROXIMATELY \$40 MIL/YEAR, MAJORITY BEING FOR ELECTRICITY. THERE IS INSUFFICIENT INFORMATION ON JAPANESE UTILITY COMPANIES, NATURE OF OPERATION, OVERALL RATE STRUCTURE PER AREA, TAXES, AND DETAILS ON WHERE EACH DOLLAR GOES TO HIGHLIGHT A SPECIFIC APPROACH. POSSIBLE OPPORTUNITIES INCLUDE GOJ ASSUMING PAYMENT OF UTILITIES AND FAILING THAT, USFJ OBTAINING UTILITIES AT RATES REPRESENTING COST OF PRODUCTION ONLY OR OBTAINING A FAVORED YEN RATE FOR UTILITY PURCHASES.

(3) COMMUNICATIONS. COST OF LEASED CIRCUITS AND COMMUNICATIONS SERVICES IS APPROXIMATELY \$3 MIL/YEAR OF WHICH \$1.5 MIL/YEAR IS DEVOTED TO DCS BROADBAND SYSTEM IN SUPPORT OF OPERATIONAL FUNCTIONS.

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(4) OTHER O&M CONSIDERATIONS. THERE ARE OTHER CATEGORIES WHICH REPRESENT SIGNIFICANT ANNUAL EXPENDITURES IN YEN. PROCUREMENT OF SERVICES (CONSTRUCTION, MAINTENANCE, CUSTODIAL, ETC.) AND

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STADIS////////////////////

SUPPLIES (MATERIALS, EQUIPMENT, SUBSISTENCE, ETC.) TOTAL NEARLY \$100 MIL/YEAR. PROCUREMENTS ARE SO VARIED, HOWEVER, A RATIONAL BASIS DOES NOT EXIST SHORT OF SIMPLY ASKING GOJ TO PAY OUR BILLS. ALTERNATIVES INCLUDE REDUCING SOME COSTS BY JOINT SHARING/FUNDING, WHERE PRACTICABLE, OF FUNCTIONAL AREAS SUCH AS OPERATION OF POL AND AMMO STORAGE AREAS AND COMMON USE LAND TRANSPORTATION, ETC., OR BY TRANSFERRING MANAGEMENT/FUNDING OF SUCH FUNCTIONS TO JSDF WITH JOINT USE ARRANGEMENTS. BOTH OPTIONS WOULD REQUIRE CAREFUL CASE-BY-CASE CONSIDERATION TO ENSURE FUNCTION WOULD REMAIN RESPONSIVE TO PEACETIME AND CONTINGENCY OPERATIONAL REQUIREMENTS.

B. JOINT BASING. JOINT ARRANGEMENTS ARE ALREADY AN ACCEPTED FORM OF COOPERATION BETWEEN JAPAN AND USFJ. PRESENTLY, ARRANGEMENTS EXIST ON ONE-THIRD OF US FACILITIES AND HAVE PROVEN USEFUL WHERE JSDF CAN BE ACCOMODATING. GOJ NOW PAYS A FAIR SHARE OF FACILITIES O&M COSTS AT JOINT USE BASES. BASIC ISSUE IS OVERCROWDING. OPPORTUNITIES FOR FURTHER EXPANSION OF JOINT BASING ARRANGEMENTS ON SCALE LARGE ENOUGH TO DERIVE EVEN MODERATE COST SHARING BENEFITS ARE SEVERELY RESTRICTED BY CONSOLIDATION OF US FORCES IN LIMITED SPACE ON REDUCED NUMBER OF BASES, ENVIRONMENTAL CONSIDERATIONS, AND LOCAL OPPOSITION TO ANY INCREASE IN BASE OPERATIONAL ACTIVITIES. MOREOVER, IF US FORCES ARE TENANTS ON JSDF BASES, THEY ARE LESS ABLE TO FEND OFF ASSAULT OF LOCAL COMMUNITY PRESSURES.

C. DIRECT FINANCIAL AND OFF-SET ARRANGEMENTS. APPROACHES INCLUDE FIXED YEN RATES FAVORABLE TO THE US AT WHICH FINANCE CONFIDENTIAL

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DISBURSING OFFICES PURCHASE YEN FOR OFFICIAL USE; AND OFF-SET AGREEMENTS SIMILAR TO THE FRG MODEL. APPROACHES ARE OUTSIDE SCOPE OF USFJ AND ARE THEREFORE DEFERRED TO HIGHER AUTHORITY FOR ADDRESSAL IF CONSIDERED APPROPRIATE. FOLLOWING UNCONFIRMED REPORTS ARE FOR INFORMATION. ACCORDING TO PRESS ARTICLES IN MAJOR JAPANESE DAILIES ON 12 APRIL 78, THE JDA DIRECTOR GENERAL INSTRUCTED HIS AGENCY TO STUDY US-FRG ARRANGEMENTS WHEREIN OFF-SET AGREEMENTS EASED BOP THROUGH EQUIVALENT US PROCUREMENTS AND LOANS. AN ARTICLE ON 21 APRIL 78, HOWEVER, REPORTED DOD REACTED NEGATIVELY TO THE INITIATIVE WITH THE VIEW THE GERMAN MODEL WAS NOT APPROPRIATE TO USFJ AND MORE DIRECT ARRANGEMENTS WERE DESIRED.

D. CONSTRUCTION.

(1) OVER \$500 MILLION MILITARY CONSTRUCTION (MILCON) PROJECTS FOR US BASES IN JAPAN HAVE BEEN FORMALLY SUBMITTED TO HIGHER HEADQUARTERS BY SERVICES VIA NORMAL MILCON PROGRAMING THROUGH FY85. ADDITIONAL \$1 BILLION WORTH OF CONSTRUCTION REQUIREMENTS HAS BEEN IDENTIFIED BUT IS NOT YET INCLUDED IN FORMAL MILCON PROGRAMS. IF GOJ IS WILLING TO UNDERTAKE FUNDING OF USFJ CONSTRUCTION REQUIREMENTS, A POTENTIAL COST SHARING OF UP TO \$1.5 BILLION IN CONSTRUCTION COSTS COULD BE REALIZED. GENERAL

CATEGORIES OF FACILITY CONSTRUCTION REQUIREMENTS WHICH HAVE BEEN IDENTIFIED, ARE SUMMARIZED BELOW:

CATEGORY OF FACILITY EST COST (\$MILLION)

OPERATIONAL	91
MAINTENANCE	38
STORAGE	81
MEDICAL	11
ADMINISTRATIVE	12
FAMILY HOUSING	900
TROOP ACCOMODATIONS	193
COMMUNITY SUPPORT	60
UTILITIES	134
ENVIRONMENTAL (INCLUDED ABOVE)	(41)

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TOTAL \$1,520 MILLION

CONGRESS HAS NOT BEEN INCLINED TO APPROVE MILCON FUNDING IN JAPAN; NOR WOULD GOJ LIKELY UNDERTAKE OUR TOTAL IDENTIFIED CONSTRUCTION NEEDS. IF GOJ FUNDS ONLY THOSE PROJECTS CONGRESS EVENTUALLY WOULD HAVE FUNDED, TRUE COST AVOIDANCE WOULD RESULT FOR THOSE PROJECTS.

ANY NEW FACILITY WOULD ENHANCE OPERATIONS AND IMPROVE MORALE AND WELFARE OF TROOPS.

(2) GOJ HAS BEEN ACTIVELY DEVELOPING A CASE FOR DIRECTING COST SHARING INTO CONSTRUCTION, PARTICULARLY HOUSING.

GOJ HAS ESTABLISHED

A WORKING GROUP WITHIN DFAA TO STUDY ON AND OFF BASE FAMILY HOUSING, OTHER CONSTRUCTION, AND REHABILITATION OF TROOP HOUSING AS COST SHARING APPROACHES. EXTENSIVE MEDIA COVERAGE INDICATES SENSITIVITY TO USFJ FACILITIES REQUIREMENTS. THERE ARE DISCUSSIONS WITHIN THE GOVERNMENT, IN SPITE OF ANTICIPATED OPPOSITION, TO INTERPRET THE OHIRA VIEW WITH GREATER FLEXIBILITY.

E. FAMILY HOUSING. UNIQUE PROBLEM POSED BY DEFICIT OF ADEQUATE FAMILY HOUSING AND VARIETY OF POSSIBLE SOLUTIONS (INCLUDING CONSTRUCTION) HAVE CAUSED US TO STUDY THIS AREA AS A SEPARATE ISSUE. DEFICIT OF APPROXIMATELY 7,200 ADEQUATE FAMILY HOUSING UNITS HAS

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C O N F I D E N T I A L SECTION 4 OF 8 TOKYO 08415

STADIS////////////////////////////////////

C O R R E C T E D C O P Y (MRN 08415 VICE 08418)

BEEN IDENTIFIED BY US FORCES IN JAPAN. THE DEFICIT, LISTED BY
AREA, WAS PROVIDED GOJ REPRESENTATIVES DURING WORKING LEVEL
DISCUSSION:

AREA	DEFICIT
IWAKUNI	375
OKINAWA	3300
NAVY (KANTO)	2200
MISAWA	425
YOKOTA	700
ZAMA	200
TOTAL	7200

(1) COST FOR CONSTRUCTING FAMILY HOUSING ON BASE TO SATISFY
DEFICIT IS ESTIMATED AT \$900 MILLION. ANNUAL COST OF PRIVATE
RENTALS FOR RENT AND UTILITIES IS ESTIMATED IN
EXCESS OF \$25 MILLION. FAMILY HOUSING AS A COST SHARING ALTERNATIVE
IS AN ATTRACTIVE APPROACH FOR GOJ SINCE VARIOUS OPTIONS ARE
AVAILABLE WITHIN GOJ INTERPRETATION OF THE SOFA. OPTIONS INCLUDE:

- (A) CONSTRUCT FAMILY HOUSING ON BASE.
 - (B) CONSTRUCT FAMILY HOUSING OFF BASE AND PROVIDE TO USG
 - (C) PRIVATE CONSTRUCTION OFF BASE, LEASE BY GOJ, AND PROVIDE TO
USG.
 - (D) LEASE EXISTING HOUSING AND PROVIDE TO USG.
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WITH REGARD TO ON BASE FAMILY HOUSING, O&M COSTS FOR MAINTENANCE
AND UTILITIES WILL INCREASE. HOWEVER, BASED ON AN ECONOMIC ANALY-
SIS OF A MODEL INVOLVING CONSTRUCTION OF 400 UNITS OF FAMILY
HOUSING AT YOKOTA AB, THE CORRESPONDING REDUCTION
IN BAQ, HOUSING ALLOWANCE(HA) AND
LIVING QTRS ALLOWANCE (LQA) OUTLAYS
WILL RESULT IN INITIAL START UP COST FOR FURNITURE,
APPLIANCES, ETC., BEING PAID BACK AFTER TWO YEARS OF OCCUPANCY,
THUS RESULTING IN NET SAVINGS TO DOD THEREAFTER. ON BASE FAMILY
HOUSING PROVIDES NO RELIEF TO SERVICE O&M BUDGETS, NEVERTHELESS,
BECAUSE OF ITS IMPACT ON MORALE AND WELFARE, FAMILY HOUSING IS
CONSIDERED THE HIGHEST CONSTRUCTION PRIORITY, BY NAVY AND AIR FORCE.

(2) OBJECTIVE IS TO OBTAIN ADEQUATE HOUSING ON OR OFF BASE FOR 100 PER CENT OF OUR REQUIREMENT. TO ACHIEVE OUR OBJECTIVE, WE PLAN TO SEEK FAMILY HOUSING ON BASE TO MEET 80 PER CENT OF OUR REQUIREMENT AND TO SATISFY THE REMAINING REQUIREMENT BY ADEQUATE PRIVATE RENTALS LEASED AND PROVIDED BY GOJ. CONSTRUCTION REQUIREMENTS FOR ON BASE HOUSING COULD POSSIBLY BE REDUCED BY APPROXIMATELY 1850 UNITS BY RETENTION OF MAKIMINATO AND YOKOHAMA DEPENDENT HOUSING AREAS CURRENTLY SCHEDULED FOR RELEASE UPON COMPLETION OF RELOCATION CONSTRUCTION. BELIEVE RETENTION HAS LOW PROBABILITY BECAUSE OF LOCAL POLITICAL PRESSURES ON GOJ WITH REGARD TO YOKOHOMA, NAVY EXPRESSED CONCERN RETENTION WOULD LIKELY INVOLVE SIGNIFICANT UPGRADE COSTS TO USG AND WOULD NOT SOLVE SEVERE COMMUTING PROBLEMS. ALTHOUGH MARCOR CONCURRED IN DEFERRED RETURN OF MAKIMINATO HOUSING, MARCOR ALSO EXPRESSED CONCERN WITH STANDARDS OF MAKIMINATO IN RELATION TO NEW CONSTRUCTION. IF RETENTION AND/OR GOJ LEASED PRIVATE RENTALS PROGRAM ARE NOT FEASIBLE, CONSTRUCTION REQUIREMENTS MUST BE INCREASED ACCORDINGLY. BELIEVE GOJ IS INTERESTED IN A PLAN INVOLVING COMBINATION OF ABOVE APPROACHES. F. OFF BASE RENTAL SUBSIDY. GOJ OFFICIALS HAVE SHOWN GREAT INTEREST IN RENT SUBSIDY APPROACH (ASSUMPTION OF RENTAL COSTS OF

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PRIVATE OFF BASE HOUSING) AS A FIRST STEP IN PROVIDING ASSISTANCE IN THE FAMILY HOUSING AREA. RENT SUBSIDIES MUST BE ADDRESSED CAUTIOUSLY BECAUSE THEY MAY NOT IMPROVE, BUT IN FACT PERPETUATE THE SUB STANDARD CONDITIONS OF OFF BASE HOUSING. THEREFORE, THE CONCEPT MUST BE SHAPED TO RESULT IN UPGRADE OF OFF BASE QUARTERS AND INCLUDE THE MECHANISM FOR GOJ TO COVER COST OF UTILITIES. OTHERWISE ARRANGEMENTS MUST BE MADE FOR USG TO COVER UTILITIES COSTS OR SOME ALLOWANCE MUST BE GIVEN TO INDIVIDUAL OCCUPANTS FOR THIS PURPOSE. IN ANY EVENT, OFF BASE HOUSING IS LARGELY SUB STANDARD AND MUST BE SO DECLARED. ASSIGNMENT TO THESE SUB STANDARD "FAMILY HOUSING UNITS" WOULD BE VOLUNTARY AND MIGHT STILL RESULT IN PARTIAL BAQ PAYMENTS. G. ENVIRONMENTAL IMPROVEMENTS. PRIOR TO RECENT COST SHARING STUDIES, SERVICES IDENTIFIED APPROXIMATELY \$23 MILLION IN ENVIRONMENTAL RELATED PROJECTS. IN DEVELOPMENT OF A COST SHARING CONSTRUCTION PROGRAM, THIS HAS GONE UP TO \$41 MILLION. PROJECTS IN THIS CATEGORY INCLUDE SEWAGE TREATMENT FACILITIES, OIL SEPARATORS, SOUND SUPPRESSION FACILITIES, BOILER PLANT IMPROVEMENTS, ETC. BECAUSE ENVIRONMENTAL IMPROVEMENT INVOLVE HEALTH AND SAFETY OF PERSONNEL, ARE IN RESPONSE TO GOJ AND DOD REQUIREMENTS AND ARE CONSISTENT WITH SOFA, SUCH PROJECTS SHOULD BE POLITICALLY ACCEPTABLE AND SUPPORTABLE. ENVIRONMENTAL PROJECTS COULD BE AN ATTRACTIVE AREA EVEN IF GOJ IS NOT FULLY SUPPORTIVE OF CONSTRUCTION IN GENERAL. PROJECTS WOULD, HOWEVER, HAVE ONLY A MARGINAL IMPACT ON SERVICE BUDGETS OR OPERATIONS.

4. (C) OTHER CONSIDERATIONS AND COMMENTS.

A. MAGNITUDE OF PROGRAM. ATTEMPTS TO ELICIT FROM GOJ OFFICIALS
SOME IDEA OF MAGNITUDE OF FUNDING THEY ARE CONSIDERING HAVE NOT

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C O N F I D E N T I A L SECTION 5 OF 8 TOKYO 08415

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BEEN SUCCESSFUL. SOME FACTORS WHICH MAY TEND TO TEMPER MAGNITUDE:
GOJ'S ESTIMATED \$535 MILLION IN JFY 78 FOR
MAINTENANCE OF US FORCES, OF WHICH OVER \$100 MILLION WILL BE USED
FOR CONSTRUCTION RELOCATION PROJECTS; TAX REVENUES LOST FROM GOJ-
OWNED REAL ESTATE; AND SUBSTANTIAL MILITARY SALES.
WE UNDERSTAND, HOWEVER, \$125 MILLION HAD BEEN COMMUNICATED IN WASH-
INGTON IN JAN 78 TO A SENIOR MOFA OFFICIAL AS USG COST SHARING GOAL.
WE WOULD RECOMMEND AVOIDING ANY FURTHER DISCUSSION OF MAGNITUDE
SO AS NOT TO INHIBIT GOJ PLANNING.

B. TIMING. TIMING IS CRITICAL. IN ORDER TO OBTAIN COST
SHARING RELIEF DURING JFY 79, USFJ HOUSING, CONSTRUCTION AND OTHER
REQUIREMENTS SHOULD BE SUBMITTED TO THE GOJ IN EARLY JUNE 78. GOJ
WILL REQUIRE THREE MONTHS IN WHICH TO STAFF USFJ REQUIREMENTS
THROUGH THEIR MINISTRIES AND DEVELOP POITICAL CONSENSUS BEFORE
1. SEPTEMBER 78, THE DEADLINE FOR MINISTERIAL BUDGET SUBMISSIONS.

5. (C) CONCLUSIONS:

A. GOJ WILL DEVELOP, IN CONSULTATION WITH US SIDE, A COST
SHARING PROGRAM ALONG LINES IN WHICH GOJ PERCEIVES IT CAN OVERCOME
DOMESTIC OPPOSITION AND DEVELOP CONSENSUS.

B. THE PROGRAM MUST BE WITHIN GOJ INERPRETATION OF THE SOFA.

C. GOJ WILL NOT BE RECEPTIVE TO COST SHARING APPROACHES WITHIN
O&M AREA. FUNCTIONS WITHIN O&M AREA, HOWEVER, SUCH AS COMMUNICA-
TIONS SYSTEMS AND POL OPERATIONS, SHOULD BE INDEPENDENTLY PRESENTED
TO GOJ ON THE BASIS OF PEACETIME AND CONTINGENCY OPERATIONAL
EFFICIENCY, NOT COST-SHARING.

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D. APPROACHES WITHIN LOCAL NATIONAL LABOR SECTOR SHOULD NOT BE PURSUED FOR JFY 79 BUDGET SUBMISSION.

E. JOINT BASING HAS LIMITED APPLICATION AND SHOULD ONLY BE PURSUED ON CAREFULLY SELECTED BASIS AND ON MERITS OF OPERATIONAL NECESSITY, RATHER THAN FOR COST-SHARING REASONS.

F. GOJ SUBSIDY OF OFF-BASE RENTALS SHOULD BE EXPLORED WITH CAUTION TO ENSURE ADEQUACY AND ALLEVIATION OF INDIVIDUAL FINANCIAL HARDSHIP.

G. BACHELOR AND FAMILY HOUSING (CONSTRUCTION AND GOJ LEASE) AND OTHER CONSTRUCTION, INCLUDING ENVIRONMENTAL IMPROVEMENTS ARE THE MOST FEASIBLE COST SHARING APPROACHES FOR JFY 79 BUDGET SUBMISSION.

H. HOUSING, CONSTRUCTION AND OTHER USFJ COST SHARING REQUIREMENTS SHOULD BE CLEARED FOR RELEASE TO GOJ BY USFJ ON A SELECTIVE BASIS, IN CONSONANCE WITH SERVICE COORDINATION AND GOJ FUNDING BY EARLY JUNE 78.

6. (C) PROPOSED STRATEGY:

A. SINCE O&M RELIEF APPEARS HIGHLY UNLIKELY AT THIS TIME, THE NEXT HIGHEST PRIORITY FOR US FORCES IN JAPAN IS TO PROVIDE ADEQUATE HOUSING FOR ALL OF OUR PEOPLE-MARRIED AND SINGLE. AS PART OF A CONSTRUCTION PROGRAM UNDER THE DEFENSE COST SHARING UMBRELLA WE INTEND TO PROPOSE TO GOJ THAT THEY ASSIST BY CONSTRUCTION OF TROOP AND FAMILY QUARTERS TO MEET OUR NEEDS. A SPECIFIC APPROACH WILL BE MADE BY STATING OUR CASE TO THE GOJ IN THE FOLLOWING WAY:

(1) TROOP AND FAMILY HOUSING TOTAL REQUIREMENT
(2) ASSETS NOW AVAILABLE AND PROJECTED BY ON-GOING RELOCATION PROGRAMS.

(3) NET REQUIREMENT
(4) MEANS OF REDUCING NET REQUIREMENT.
(A) NEW CONSTRUCTION
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(B) DEFERRED RETURN OF SELECTED HOUSING AND SUPPORT AREAS UPON COMPLETION OF RELOCATION CONSTRUCTION.

(C) GOJ LEASED HOUSING PROVIDED AS FACILITY TO USG.

(D) OFF-BASE PRIVATE RENTALS, MEETING DOD ADEQUACY STANDARDS MADE AVAILABLE BY JAPANESE LANDLORDS AS RESULT OF ECONOMIC INCENTIVE OF MULTI-TIER HOLA.

B. ASSUMING THAT GOJ WILL SUPPORT A PROGRAM IN THE HOUSING AREA, AN INTEGRATED HOUSING LIST WILL BE USED TO STATE OUR TOTAL PROGRAM.

- (1) ASSUMPTIONS MADE IN DEVELOPING THIS LIST INCLUDE:
- (A) HOUSING CAN BE NEGOTIATED SEPARATELY FROM OTHER PROJECTS.
 - (B) TROOP HOUSING HAS EQUAL PRIORITY WITH FAMILY HOUSING.
 - (C) CONSTRAINTS OF OHIRA VIEW AND OHIRA-JOHNSON AGREEMENT WILL

BE OVERCOME.

(2) RATIONALE: IMPROVEMENT OF HOUSING FOR SINGLE AND UN-
ACCOMPANIED PERSONNEL NECESSARY TO IMPROVE MORALE AND WELFARE.
AT USMC INSTALLATIONS IMPROVEMENT OF BEQ'S AND BOQ'S HAS HIGHER
PRIORITY THAN FAMILY HOUSING. OBJECTIVE IS TO OBTAIN THE OPTIMUM
MIX OF FAMILY AND TROOP HOUSING PROJECTS IN LOGICAL PRIORITY
SEQUENCE. FOLLOWING LISTING INCORPORATES PRIORITY TROOP HOUSING
REQUIREMENTS WITH FAMILY HOUSING REQUIREMENTS AND WILL PROVIDE
FAMILY HOUSING FOR 80 PERCENT OF TOTAL REQUIREMENT (INCLUDING
ELIGIBLE

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US CIVILIANS CURRENTLY EXCLUDED BY LOCAL POLICY).

(3) PRIORITIZED TROOP AND MILITARY FAMILY HOUSING (MFH) LIST:

COLUMN 1- USFJ PRIORITY (P)

COLUMN 2- SERVICE AND SERVICE PRIORITY (SP)

P	SP	DESCRIPTION: INSTALLATION	EST COST(\$MILLION)
1.	MC1	BEQ: IWAKUNI	4.5
2.	N&	MFH, 450 UNITS: KANTO PLAIN	45.0
3.	AF&	MFH,150 UNITS: YOKOTA	15.0
4	MC2	BEQ: IWAKUNI	19.8
5	N&	MFH,430 UNITS: KANTO PLAIN	43.0
6	AF&	MFH,650 UNITS: OKINAWA (AF ADMINISTERED)	65.0
7	MC3	BEQ: IWAKUNI	9.4
8	MC&	MFH, 135 UNITS: IWAKUNI	13.5
9	N&	MFH, 430 UNITS: KANTO PLAIN	43.0
10	MC&	MFH, 110 UNITS: IWAKUNI	11.0
11	AF&	MFH, 900 UNITS: OKINAWA (AF ADMINISTERED)	90.0
12	MC4	BEQ UPGRADE: IWAKUNI	11.0
13	MC5	BEQ/BOQ UPGRADE: HANSEN	8.4
14	MC6	BEQ/BOQ UPGRADE; SCHWAB	4.5
15	MC7	BEQ/BOQ UPGRADE: COURTNEY	1.7

16 MC8 BEQ/BOQ UPGRADE: FOSTER/ZUKERAN	9.9
17 MC9 BEQ/BOQ UPGRADE: MSA	2.7
18 MC10 BEQ/BOQ UPGRADE: FUTENMA	3.9
19 MC11 BEQ/BOQ UPGRADE: IWAKUNI	0.9
20 A7 BOQ MODERNIZATION: CP ZAMA	5.2

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21 NA7/9 BEQ: ATSUGI	11.2
22 AF4 TRANSIENT BILLETING FAC: YOKOTA	6.3
23 AF5 BOQ, AIR CONDITIONING: YOKOTA	0.4
24 AF7 BEQ: MISAWA	4.4
25 NA8 BOQ: ATSUGI	3.8
26 AF9 UPGRADE BEQ: KADENA	25.0
27 AF10 REPLACE BEQ/BOQ: MISAWA	24.0
28 NM4 BOQ: MISAWA	7.1
29 NM5 BEQ: MISAWA	9.8
30 AF11 BOQ, AIR CONDITIONING: KADENA	1.1
31 A BEQ: TORII	5.5
32 MC45 BEQ: CP FUJI	0.4
33 MC46 BOQ: CP FUJI	0.3
34 MC47 LATRINES/SHOWERS: CP FUJI	0.6
35 MC52 BEQ, AIR CONDITION: OKINAWA	0.4
36 MC53 BOQ, AIR CONDITION: OKINAWA	0.1

TOTAL \$507.8 MILLION

& FAMILY HOUSING PRIORITIES ESTABLISHED IAW USFJ PROGRAM TO INCREMENT ALLY

RAISE LEVEL OF HOUSING TO 80 PERCENT FOR ALL SERVICES.

NOTE: SERVICE PRIORITIES EXTRACTED FROM GENERAL LIST SUBMITTED BY SERVICES

C. WE HAVE ALSO DEVELOPED A PRIORITY LISTING OF OTHER CONSTRUCTION REQUIREMENTS BASED ON SERVICE PRIORITIES ON THE ASSUMPTION GOJ WILL BE AGREEABLE TO FUND OTHER CATEGORIES OF CONSTRUCTION, BEGINNING IN JFY 79.

(1) ASSUMPTIONS MADE IN DEVELOPING THE LIST INCLUDE:

(A) PROJECTS CAN BE NEGOTIATED SEPARATELY FROM FAMILY AND TROOP HOUSING PROJECTS.

(B) CONSTRAINTS OF OHIRA VIEW WILL BE OVERCOME

(2) RATIONALE: OPERATIONAL SUPPORT PROJECTS SHOULD BE DEVELOPED IN PARALLEL, BUT SEPARATELY, FROM HOUSING TYPE PROJECTS TO PROVIDE MAXIMUM FLEXIBILITY IN NEGOTIATIONS WITH GOJ. THE FOLLOWING LIST

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CONCENTRATES ON THESE PROJECTS RELATING TO POL AND AMMO STORAGE; AIRFIELD PAVEMENTS; FLIGHT LINE; AND ENVIRONMENTAL IMPROVEMENT.

(3) PRIORITIZED INTEGRATED LIST (EXCLUDING TROOP AND FAMILY HOUSING) COLUMN 1-USFJ PRIORITY (P)

COLUMN 2- SERVICE AND SERVICE PRIORITY (SP)

P	SP	DESCRIPTION: INSTALLATION	EST COST(\$MILLION)
1	A1	POL TANKS:OKINAWA	2.3
P	SP	DESCRIPTION: INSTALLATION	EST COST (\$MILLION)
2	AF1	CONSTR SOLID WASTE INCIN: YOKOTA	3.4
3	MC12	CORROSION CONTROL HANGAR: IWAKUNI	0.4
4	N2	CONSTR SEWAGE TRTMNT SYS: YOKOSUKA	18.5
5	AF2	CONSTR PERIMETER FENCE: KADENA ASA	2.0
6	MC13	TAXIWAY LIGHTING & CONTROL IMPR:IWAKUNI	0.1
7	MC14	READY FUEL SERVICE FAC: FUTENMA	0.3
8	AF3	RPLC ELEC SUB & DISTR SYS: MISAWA	1.5
9	MC15	ACFT DIR FUEL STA: IWAKUNI	2.4
10	MC16	PAX/FREIGHT TERMINAL: FUTENMA	0.3
11	AF4	CONSTR ENERGY MONIT SYS: YOKOTA	1.5

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12	MC17	MATCU OPS BLDG: FUTENMA	0.4
13	AF5	CONSTR AFLD PAVEMENTS: KADENA	2.5
14	MC18	PARACHUTE/SURV EQUIP SHOP: FUTENMA	0.2
15	MC19	AIR FRAME SHOP: FUTENMA	0.2
16	AF6	RPLC WATER DIST SYS/PLANTS: MISAWA	1.8
17	MC20	AVIATION FAC: FUTENMA	0.1
18	MC21	TYPE 3 ACFT RINSE FAC: IWAKUNI	0.6
19	AF7	RPLC EMERG ELEC SYS, HYDRANTS: YOKOTA	0.4
20	MC22	READY FUEL STA IMPR: IWAKUNI	0.1
21	AF8	CONSTR ADMIN FAC: KADENA	0.8
22	MC23	ENG TEST CELL:FUTENMA	0.2
23	MC 24	TYPE 1 ACFT RINSE FAC/ FUTENMA	0.3
24	AF9	MOD BOILER PLT & REPLC STEAM DISTR SYS: MISAWA	1.2
25	MC25	RPLC HE MAGAZINES: IWAKUNI	2.5
26	A2	INCR I, AMMO STOR FAC: KAWAKAMI	6.2
27	MC26	OPG VEH MAINT FAC: HANSEN	1.5

28 AF10 CONSTR HARDSTANDS & REFUEL HYDR SYS: YOKOTA 1.3
 29 MC27 AMPHIB VEH MAINT FAC: SCHWAB 1.3
 30 MC28 SEC SEWAGE TRTMNT PLT: HANSEN 3.0
 31 AF11 CONSTR ACFT CORROSION CONTR FAC: KADENA 1.4
 32 MC29 SEWAGE TRTMNT PLT: SCHWAB 3.8
 33 N3 CONSOL UTIL SYS:YOKOSUKA 27.0
 34 AF12 CONSTR SOLID WASTE INCINERATOR: MISAWA 2.5
 35 MC30 SEC SEWAGE TRTMNT PLT: COURTNEY 1.0
 36 MC31 WATER STOR FAC: HANSEN 0.4
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37 AF13 RPLC RUNWAY SLABS: YOKOTA 0.5
 38 MC32 UPGRADE EMERG PWR & AC SYS: ZUKERAN 0.4
 39 MC33 TYPE 2 A/C ACOUSTICAL ENCL: IWAKUNI 3.1
 40 MC34 OIL SEPARATORS:IWAKUNI 0.3
 41 AF14 CONSTRUCT BCE MAINT SHOP: KADENA 0.8
 42 MC35 RENOVATE GALLEY FAC:MSA 0.2
 43 A2 INCR II, AMMO STOR FAC: KAWAKAMI 9.5
 44 MC36 MODIFY MED/DENT FAC/MSA 0.1
 45 AF15 CONSTRUCT FIRE STATION: MISAWA 1.1
 46 MC37 MODIFY CLUB FACS: MSA 0.1
 47 MC38 REMOTE JOB ENTRY FAC:MSA 0.1
 48 AF16 REPLACE TAXIWAY SLABS: YOKOTA 2.0
 49 MC39 RELOC AUTO MAT HANDLING SYS: MSA 0.1
 50 MC40 RPLC A/C PARKING AREAS: IWAKUNI 1.3
 51 MC41 RPR AFLD LIGHTING SYS: IWAKUNI 0.3
 52 AF17 CONSTRUCT HYDRANT FUELING SYSTEMS: KADENA 1.6
 53 MC42 RPLC RIPRAP SEAWALL: IWAKUNI 0.3
 54 MC43 PRP TRANS VAULTS: IWAKUNI 0.2
 55 MC44 RPR R/W CENTERLINE:IKWAKUNI 0.3
 56 AF18 INSTALL BASE FIRE ALRAM SYSTEM: MISAWA 0.5
 57 MC47 CONSTR ROADS: CP FUJI 0.2
 58 MC49 CONSTR ADMIN FAC: CP FUJI 0.2
 59 MC50 RPR VARIOUS FACS: CP FUJI 0.4
 60 AF19 CONSTRUCT FLIGHT SIMULATOR FACILITY: YOKOTA 1.0
 61 MC51 SEWAGE DISPOSAL FAC:CP FUJI 1.8
 62 MC54 RPR VARIOUS FACS: MSA 2.0
 63 MC55 IMPR STEAM SYS: IWAKUNI 1.0
 64 AF20 CONSTRUCT FIRE STATION: KADENA 1.6
 65 MC56 IMPR ELEC DISTR SYS: IWAKUNI 0.8
 66 MC57 IMPR WATER SYS: IWAKUNI 0.7
 67 MC58 IMPR SEWAGE TREAT PLANT:IWAKUNI 3.0
 68 AF21 REPLACE HOSPITAL: MISAWA 11.0
 69 A3 POL LINE MOD: OKINAWA 0.6
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70 MC59 SPRINKLER SYS, HANGARS: IWAKUNI 2.0
71 N4 INST ADD 60 HZ PWR GEN: YOKOSUKA 2.8
72 MC60 SPRINKLER SYS, COMM FACS: IWAKUNI 0.5
73 MC61 SPRINKLER SYS, WHSE: IWAKUNI 0.9
74 MC62 VEH PARKING AREA: IWAKUNI 0.3
75 AF22 CONSTRUCT COMMISSARY WAREHOUSE: YOKOTA 1.2
76 N5 IMPR 50/60 HZ PRIM ELEC SYS: YOKOSUKA 5.0
77 MC63 BREAKWATERS FAC: IWAKUNI 6.0
78 N6 ADD SHORE POWER BERTH: YOKOSUKA 0.2
79 MC64 TEMP LODGING FAC: NTA 1.6
80 MC66 TEMP LODGING FAC: IWAKUNI 0.7
81 N7 ELEC IMPR AT DRYDOCK NO 6: YOKOSUKA 0.6
82 MC67 CONSTR LST MOORING: IWAKUNI 0.8
83 MC68 CONSTR GSE SHOP: IWAKUNI 2.0
84 N8 CONSTR COMPRESSED AIR PLT: YOKOSUKA 0.4
85 MC69 ACFT MAINT HANGAR: IWAKUNI 4.3
86 AF22 CONSTR ACFT TYPHOON SHELTERS: KADENA 20.0
87 A2 INCR III, AMMO STOR FAC: KAWAKAMI 7.5
TOTAL \$197.7 MILLION

NOTE: MISSING SERVICE PRIORITY NUMBERS WERE THOSE ASSIGNED TO TROOP
AND FAMILY HOUSING PROJECTS WHICH HAVE BEEN INCLUDED IN SEPARATE
LISTING. NOT INCLUDED ARE OTHER LOWER PRIORITY

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SERVICE PROJECTS TOTALING APPROXIMATELY \$200 MILLION.
D. PRECEDING LISTINGS INCORPORATE PRIORITIES BASED ON BEST
AVAILABLE DATA TO DEVELOP JFY 79 COST SHARING PROGRAM AND LONG
TERM COST SHARING EFFORT. LISTINGS DO NOT INCLUDE ALL \$1.5 BILLION
SERVICE PROJECTS. THERE IS NO INTENTION TO PROVIDE GOJ "SHOPPING LIST"

OF PROJECTS TO CHOOSE FROM TO SUPPORT THEIR POLITICAL CONSTRAINTS.
WE INTEND TO INFLUENCE PRIORITIES TO MEET REQUIREMENTS BY

INCREMENTAL RELEASE OF PROJECT LISTINGS BY PRIORITY, COUPLED WITH NEGOTIATIONS TO DEVELOP FINAL GOJ - USG PROJECT LISTINGS. FOR EXAMPLE, IF GOJ SUPPORTS \$100 MILLION COST SHARING CONSTRUCTION IN JFY 79, THEN USFJ WILL PROVIDE \$100 MILLION OF PRIORITY REQUIREMENTS FROM HOUSING LIST. IF GOJ HAS PROBLEM IN ACCOMPLISHING PROJECTS AS LISTED, SUBSTITUTIONS WILL BE USED TO DEVELOP A REVISED LISTING.

AT WHAT POINT HIGH PRIORITY REQUIREMENTS FROM THE OPERATIONAL LIST WOULD OVERTAKE LOWER PRIORITY REQUIREMENTS FROM THE HOUSING LIST IS NOT PRECISELY KNOWN. IT IS TOO EARLY AT THIS POINT TO ATTEMPT TO IDENTIFY THIS CROSS OVER POINT. IF GOJ LOOKS UPON COST SHARING AS A LONG TERM EFFORT AND WE CAN ASSUME A FUNDING LEVEL OF 125-150 MILLION DOLLARS PER YEAR, THE CROSS OVER FROM HOUSING TO OPERATIONAL CONSTRUCTION COULD BE IN THE 250-350 MILLION DOLLAR RANGE OF THE HOUSING PRIORITY LIST. HAVING SAID THAT, WE MUST KEEP IN MIND GOJ HAS A VESTED INTEREST IN COST SHARING AND COULD MAKE FUTURE DECISIONS WHICH MAY CAUSE US TO CONFIDENTIAL

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REEVALUATE PRIORITIES WITHIN THE CONSTRUCTION PROGRAM.

7. (C) RECOMMENDATIONS:

- A. THAT STRATEGY ADDRESSED IN PARA 6, ABOVE, BE APPROVED.
- B. THAT HQ USFJ, IN COORDINATION WITH SERVICE COMMANDS IN JAPAN AND AMEMB, BE AUTHORIZED TO PURSUE WITH GOJ, COST SHARING PROPOSALS CONCERNING FAMILY AND BACHELOR HOUSING, CONSTRUCTION PROJECTS, AND OFF-BASE RENTAL FACILITIES ALONG THE LINES PROPOSED IN PARA 6.

8. (U) AMEMB CONCURS IN THIS MESSAGE.

9. (C) SERVICE COMMENTS:

A. ARMY NONCONCURS IN BASIC APPROACH; ADVISES USFJ SHOULD SEEK GREATER LONG TERM, RECURRING RELIEF IN O&M RATHER THAN ONE TIME RELIEF BY HOUSING APPROACH. ARMY PREFERS LABOR, O&M, OPERATIONAL CONSTRUCTION WITH BEQ, BOQ AND FAMILY HOUSING AS FALL BACK APPROACH. CONSIDERS MORALE AND WELFARE IMPORTANT, BUT BELIEVES OPERATIONAL PROJECTS SHOULD HAVE FIRST PRIORITY.

USFJ COMMENTS: AGREE O&M SAVINGS ARE MOST DESIREABLE. ARE NOT FEASIBLE FOR JFY 79, HOWEVER, FOR REASONS PREVIOUSLY STATED. B. NAVY CONCURS IN OVERALL THRUST; ACKNOWLEDGES ASSUMPTION OF O&M COSTS BY GOJ AS BEST OBJECTIVE, BUT REAFFIRMS HOUSING AS THEIR HIGHEST

PRIORITY. NAVY CAUTIONS AGAINST RELEASING ANY PRIORITY LISTS TO GOJ WITHOUT CAVEATS. OBJECTS TO FAMILY HOUSING ALLOCATION PLAN BECAUSE IT EXCEEDS 80 PERCENT DOD PROGRAMING LIMIT, RECOMMENDS ISSUE BE RESOLVED PRIOR TO THEIR AGREEING TO CONSTRUCTION PRIORITY LISTINGS

USFJ COMMENTS: HOUSING IDENTIFIED IN PARA 6B(3) IS IN FACT BASED ON 80 PERCENT OF TOTAL REQUIREMENT, HOWEVER TOTAL REQUIREMENT AS IDENTIFIED BY ALL SERVICES INCLUDES ALL ELIGIBLE MILITARY AND US

CIVILIANS, INCLUDING THOSE CIVILIANS CURRENTLY EXCLUDED FROM GOVT
HOUSING DUE TO LOCAL POLICY.
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C. MARCOR EXPRESSED CONCERN WITH RELATIVE PRIORITIES WITHIN HOUSING
LIST. MARCOR'S COMMENTS ON DEFERRED RETURN OF HOUSING HAVE
BEEN INCORPORATED.

D. AIR FORCE CONCURS IN OVERALL APPROACH, BUT OBJECTS TO OKINAWA
FAMILY HOUSING BEING IDENTIFIED AS HAVING AIR FORCE INTEREST ONLY.
SUGGESTS PROJECT LISTS BE TREATED AS TENTATIVE AND NOT BE PASSED
TO GOJ UNTIL FUNDING LEVELS ARE ESTABLISHED. FLEXIBILITY NEEDED TO
ADJUST PRIORITIES.

USFJ COMMENTS: AGREE; AS PREVIOUSLY ADRESSED THERE IS NO INTENTION
TO PROVIDE GOJ LISTS UNTIL DEGREE OF SUPPORT IS IDENTIFIED.

GDS: 31 DEC 84.

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Message Attributes

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Control Number: n/a
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Draft Date: 11 may 1978
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Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
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Disposition Comment: 25 YEAR REVIEW
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2714793
Secure: OPEN
Status: NATIVE
Subject: DEFENSE COST SHARING PROGRAM FOLLOWING MESSAGE IN WHICH EMBASSY CONCURRED WAS SENT MAY 9 BY COMUSJAPAN TO CINCPAC, CONTAINING SUGGEST
TAGS: MARR, JA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/def016a0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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20 Mar 2014
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